

SENATE BILL 696

By Southerland

AN ACT to amend Tennessee Code Annotated, Title 67,  
Chapter 8, to phase-out the inheritance tax.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-8-314, is amended by deleting the section in its entirety and by substituting instead the following:

**§ 67-8-314.**

(a) Except as otherwise provided by subsection (b), the tax imposed upon the value of the net taxable estate of a decedent, distributable in accordance with the classification, deductions, allowances and exemptions set out in this part shall be, respectively, at the following rates:

**CLASS A or CLASS B**

If net taxable estate is:

Not over \$40,000

Over \$40,000 but not over \$240,000

Over \$240,000 but not over \$440,000

Over \$440,000

The tax is:

5.5% of the net taxable estate.

\$2,200, plus 6.5% of the excess over \$40,000.

\$15,200, plus 7.5% of the excess over  
\$240,000.

\$30,200, plus 9.5% of the excess over  
\$440,000.

(b) In lieu of the tax levied by subsection (a):

(1) In the case of a decedent dying in 2011, the tax imposed upon the value of the net taxable estate of a decedent, distributable in accordance with the classification, deductions, allowances and exemptions set out in this part shall be, respectively, at the following rates:

**CLASS A or CLASS B**

If net taxable estate is:

Not over \$40,000

Over \$40,000 but not over \$240,000

The tax is:

4.125% of the net taxable estate.

\$1,650, plus 4.875% of the excess over  
\$40,000.

Over \$240,000 but not over \$440,000	\$11,400, plus 5.625% of the excess over \$240,000.
Over \$440,000	\$22,650, plus 7.125% of the excess over \$440,000.

(2) In the case of a decedent dying in 2012, the tax imposed upon the value of the net taxable estate of a decedent, distributable in accordance with the classification, deductions, allowances and exemptions set out in this part shall be, respectively, at the following rates:

**CLASS A or CLASS B**

If net taxable estate is:	The tax is:
Not over \$40,000	2.75% of the net taxable estate.
Over \$40,000 but not over \$240,000	\$1,100, plus 3.25% of the excess over \$40,000.
Over \$240,000 but not over \$440,000	\$7,600, plus 3.75% of the excess over \$240,000.
Over \$440,000	\$15,100, plus 4.75% of the excess over \$440,000.

(3) In the case of a decedent dying in 2013, the tax imposed upon the value of the net taxable estate of a decedent, distributable in accordance with the classification, deductions, allowances and exemptions set out in this part shall be, respectively, at the following rates:

**CLASS A or CLASS B**

If net taxable estate is:	The tax is:
Not over \$40,000	1.375% of the net taxable estate.
Over \$40,000 but not over \$240,000	\$550, plus 1.625% of the excess over \$40,000.
Over \$240,000 but not over \$440,000	\$3,800, plus 1.875% of the excess over \$240,000.
Over \$440,000	\$7,550, plus 2.375% of the excess over \$440,000.

(4) In the case of a decedent dying in 2014 or in any subsequent year, no tax shall be imposed pursuant to this part; provided, however, the provisions of

this subsection shall not be construed to absolve liability for any tax duly levied by the provisions of this section, during any year prior to 2014.

SECTION 2. Tennessee Code Annotated, Title 67, Chapter 8, Part 3, is amended by adding the following language as a new, appropriately designated section:

**§ 67-8-318.** The provisions of this part do not apply in the case of any decedent who died in 2014 or in any subsequent year.

SECTION 3. Tennessee Code Annotated, Title 67, Chapter 8, Part 4, is amended by adding the following language as a new, appropriately designated section:

**§ 67-8-425.** The provisions of this part do not apply in the case of any decedent who died in 2014 or in any subsequent year.

SECTION 4. Tennessee Code Annotated, Title 67, Chapter 8, Part 5, is amended by adding the following language as a new, appropriately designated section:

**§ 67-8-507.** The provisions of this part do not apply in the case of any decedent who died in 2014 or in any subsequent year.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.